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IN THE

Supreme Court of the United States

OCTOBER TERM, 1998

Bruce A. Lehman,
Commissioner of Patents and Trademarks,
Petitioner

v.

Mary E. Zurko, Thomas A. Casey, Jr., Morrie Gasser, Judith S. Hall, Clifford E. Kahn, Andrew H. Mason, Paul D. Sawyer, Leslie R. Kendall, and Steven P. Lipner
Respondents

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF AMICI CURIAE IN SUPPORT OF PETITIONER ON THE MERITS

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Introduction

The Federal Circuit's *in re Zurko* decision brings to this Court's attention the standards under which patent validity is determined. Problems with the patent system can be ameliorated by having the courts afford the PTO deference under the Administrative Procedure Act during patent prosecution *and* patent litigation. Our concern is not the legal arguments on whether the PTO is subject to the APA. Nor is it the narrow issue concerning appeals involving *patent prosecution* from the Patent Office. Our concern is the broader issue of deference to the PTO decisions especially during *patent infringement litigation*.

The Federal Circuit's lack of deference in *Zurko* exemplifies its general lack of deference to PTO patentability determinations. The failure of the Federal Circuit to defer to the PTO according to APA standards in direct appeals from the PTO in patent prosecution has undesirable consequences. It encourages litigation and it redoes administrative work already performed by the PTO. This failure in patent infringement cases has far more severe consequences. It causes great uncertainty in the patent system and greatly disrupts the environment necessary to develop, finance and bring new technologies to the market.

At IPC, we did a study of independent inventors who tried to use the courts to enforce their patents. It showed that the patent system is feckless and unreliable for these inventors. This is troubling as independent inventors are *the* major source of innovation. As such, good public policy is to ensure that the system works effectively for them. In 13 of the 14 cases in the IPC study, the inventor lost; In 6 of 8 cases where patent validity was an issue, the inventor lost on validity.

Interests of the Amici Curiae

The signatories represent a variety of people and organizations that believe the independent inventor is important to tech-

nological progress. Paul Heckel, the Founder and President of IPC, is the principal author of this amicus brief. While all of the amici believe this brief to be true, none attest to accuracy of the parts of the study of which they have no knowledge. This brief provides background information for the Court's consideration.

This Court denied certiorari in a petition by the same amici in another case on this same issue: *Theis v. Octel* in case 97-1773.

The Amici are:

Intellectual Property Creators[1] **(IPC)** is a non-profit organization of independent inventors. It was founded in 1994 by battle scarred inventors.

IPC represents the public policy interests of independent and entrepreneurial. In contrast, organizations like the Intellectual Property Owners and American Intellectual Property Law Association represent large companies and patent law firms whose job is more to protect vested interests than to challenge them. Such organizations often benefit from the complex and uncertain jurisprudence rather than simplicity and predictability. IPC is largely a pro bono effort.

Three of IPC's five founding board members, Dr. Damadian, Dr. Greatbatch, and Dr. Rines, are inductees into the National Inventors Hall of Fame[2]. (See Appendix A for IPC's board members)

Dr. Franco Modigliani, an inventor and patent holder, is a Nobel Laureate economist. With Robert Solow, he organized a letter to Congress signed by 26 Nobel Laureates on patent legislation that would adversely affect independent inventors.

The United Inventors Association of the USA (UIA-USA) is an umbrella organization of inventors groups throughout the country representing 3000 inventors. Established in 1990 at the

[1] More information on IPC and information in support of this amicus brief can be found at the IPC website at http://www.heckel.org

[2] For a complete list of inductees see their website at www.invent.org

urging of the U.S. Department of Energy, the UIA-USA is dedicated to educating creative individuals in developing new product concepts.

The American College of Physician inventors is an organization of over 100 physicians who are inventors.

PatentEnforcement Fund (PEF) and **Intellectual Property Reserve Corp**. (IPRC) are companies that fund patent litigation and whose cases are included in the IPC study reported below.

David Pressman is a patent lawyer and is the author of *Patent It Yourself (*Nolo Press, 1997). a self-help book that has sold over 170,000 copies. He is also counsel of record.

Summary of the Argument

In May and June of 1998, Intellectual Property Creators reviewed the results of 14 patent cases of independent inventors that it had been following and that had been ultimately decided by the Federal Circuit. These inventors paid fees to the government to get their patents and expected as part of that bargain to get protection in the courts. Yet, 13 out of 14 cases were ultimately decided against the inventors, thus rendering useless their property rights in their patents—a right they reasonably relied on in developing their inventions, building their businesses and planning their lives. We were most disturbed by these results.

We believe this problem will be greatly ameliorated if the courts will provide deference to the PTO in validity determinations. This will move such decisions from those least competent and experienced in technology and the patent law (the courts) to those most competent and experienced (the PTO)[3].

[3] The Federal Circuit, of course, has a particular focus on patent law, but the District Courts do not. Further, the Federal Circuit's role in hearing appeals in patent cases does not mean it should displace the PTO's administrative role in making patentability determinations, let alone supercede the technical expertise of the PTO examiners.

The data of the IPC study strongly supports this. In 6 of the 14 cases in the IPC study the inventors lost because the courts overturned PTO determinations of patent validity. In 4 there was no new evidence; in 2, the new evidence was dubious. The courts' decisions of patent validity are dysfunctional and unpredictable. They are not fulfilling the intent of the Legislature. They are not providing justice. They are not promoting "the progress of science and useful arts"[4] as intended by the Framers of the Constitution. The effect is to eviscerate our most important engine of wealth creation.

The Federal Circuit's decision sends a chilling message to independent inventors that it is doubtful that the courts will uphold the validity of their patents. Some of the costs of this dysfunction patent system are:

(1) It removes the incentive to bring new ideas to the marketplace;

(2) It destroys the confidence and predictability necessary for investment in new technologies;

(3) It vitiates an important source of wealth creation..

In brief, the Federal Circuit's current approach is frustrating the encouragement and promotion of invention.

We believe that the results of our study are caused by many judges being in unfamiliar territory in dealing with patent cases. Try as they do to be impartial, the uncomfortable situation creates a bias against inventors who challenge the establishment. Now that we have identified the bias, we are in a position to eliminate, or at least reduce, it.

The *in re Zurko* case gives this Court an opportunity to consider the issue of deference to PTO decisions. The Court could take a narrow view confining its decision to whether the Federal Circuit should provide APA deference to PTO decisions on di-

[4] U.S. Constitution, Article 1, Section 8

rect appeals from *patent office proceedings*. Of importance in the future is the broader question of whether the courts will afford deference to PTO decisions during patent *litigation*. That is the issue that most concerns us here. This brief is written to bring objective evidence to the Court's attention as background material on this issue.

With the current system, validity decisions are often uncertain, expensive and time-consuming. An annoyance for big companies, it is devastating for independent inventors and entrepreneurs.

The current system where the courts get to second guess PTO decisions comes at a high cost. Requiring the courts provide deference to PTO patentability decisions would move the decisions to those who have the appropriate expertise, the PTO. The system would be fairer, faster, and more predictable. This means that more cases will be either dropped or settled.

To get their patents respected, an inventor is usually forced into expensive protracted litigation against big companies and their high powered law firms. The inventors' lives, health, well-being and companies ruined, their hopes and dreams destroyed, and their reputation besmirched such as by false charges of inequitable conduct. And, the courts second guess the PTO determination and usually declare, without new evidence, the patent to be invalid.[5]

These cases demonstrate that a patent is often a curse in disguise. It can be dangerous to have. As one inventor said after going through the process: "It was my life and now it's gone."

Our argument is that since independent inventors create a disproportionate share of inventions, it is good public policy to

[5] The extent of the vilification of independent inventors will go is indicated by Jerome Lemelson, one of the inventors in the IPC case study. He was unjustly made a poster boy for anti-independent inventor legislation (e.g. HR 400 and Senate 507) by being accused of creating "submarine patents."

support and encourage their efforts. Our secondary argument is fairness to inventors.

As inventors our needs are reasonable:

- Court decisions that are predictable, timely, have a reasonable cost, and are fair..
- Enforcement of the Constitutional and legislative intent

  To promote the Progress of Science and useful Arts, by securing for limited Times to ... Inventors the exclusive Right to their ... Discoveries."[6]

- Equal justice under law: In patents, as elsewhere, isn't one of the major duties of the courts to protect the property rights of the weak against the strong?

Chief Justice Rehnquist, in his opinion in *Daubert v. Merrill Dow Pharmaceuticals, Inc*, 509 U.S. 579, 599 (1993), noted that many of the submitted briefs were

> "... markedly different from typical briefs, in that large parts of them do not deal with decided cases or statutory language."

He presumably found those amicus briefs helpful as providing useful background. We hope this Court will find this brief similarly useful as providing background information.

This is what we have to say:

1. There is an existing system for getting decisions made closest to those who have the most relevant knowledge. The APA has been doing this for years with many different government agencies. It should by applied to the PTO. Currently, without deference to PTO decisions, those least technically and legally experienced (as to patent laws)—the courts—are regularly

[6] Article 1, Section 8.

second guessing those most technically and legally competent and experienced in the area—the PTO.

2. There are severe costs in the current system as applied. The empirical evidence of the IPC study demonstrates convincingly that the courts' application of current standards produces unpredictable, uncertain, untimely and biased results against independent inventors, especially with respect to patent validity. Lincoln[7] said "The patent system ,,,, added the fuel of interest to the fire of genius." The courts are quenching Lincoln's fire.
3. "...The current system results in a substantial bias against independent inventors. We believe that the explanation is that independent inventors are outsiders, and, when a case is unclear or difficult, as patent cases usually are, the courts favor establishment over "outsiders" who challenge establishment institutions. That has been true of women and racial minorities. Studies show that the victims of miscarriages of justice are usually outsiders such as racial minorities or immigrants. Independent inventors are by their nature outsiders and rebels. It is their strength—it provides them with the different view that helps them invent—and it is their curse as it marks them as potential victims of injustice.
4. Independent inventors play the major role in creating *important* inventions and technologies–more than universities and corporations whose inventions are generally incremental.

Who Are Independent Inventors?

Independent inventors are usually entrepreneurial inventors as most of them start companies to develop and market their inventions. They are often rebels by nature and pursue their inventions outside of a corporate or government environment—usually in the face of conventional wisdom and opposition from friends and associations. They do not fit naturally in organizations and op-

[7] Lecture on Inventions and Discoveries.

erate without corporate life support systems. They take on the financial risk of developing their invention and bringing it to market. They do what is necessary--selling, raising money, and improving their basic invention.

In his book *Born to Rebel Birth Order, Family Dynamics and Creative Lives (Pantheon, 1996)*, Frank Sulloway provides impressive evidence that some people, especially firstborns, tended to be defenders of the status quo, while others, usually laterborns tended to be creative rebels. His theory shows that creators often have a rebellious anti-establishment nature[8]. As rebels, such people are potential victims of injustice.[9]

Organizations are often useful in developing inventions—they are more likely to be run by conservative firstborns. Inventions, however, are the creatures of individual minds--usually laterborn rebels. Society needs both.

In contrast to independent inventors, corporate inventors are on salary and incur little financial risk. When the money runs out, they generally switch to a different project or company. They work on projects funded by their companies, that is to say, projects that were approved by a committee and so reflect the conventional wisdom as to what should be invented.[10]

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[8] From the perspective of established institutions, such people are "troublemakers." True, but so were Jesus Christ and Thomas Jefferson.

[9] That inventors are natural prey to predators is suggested by the proliferation of invention marketing companies that purport to help inventors sell their inventions. Most, if not all, are fraudulent. See the inventors awareness group at www.fplc.edu/iag/iag3.htm

[10] Most important inventions in companies is done by inventors who are rebels, often working without management approval. The hard disk drive was developed at IBM in spite of orders to kill the project (Jewkes). The Polymerase Chain Reaction that makes DNA fingerprinting possible and as recently resulted in exonerating 56 people found guilty of rape or murder was invented by Dr. Kary Mullis in his spare time and without support from his company. For this he received a Nobel Prize. His company sold the patent for $300 million and gave him a $10,000 bonus.

That inventors are creative rebels who are potential victims has long been the case. The first patent holder that we can identify was persecuted by the powers of the time. He was Galileo Galilei.[11] The nature of invention has not changed in millennia for one simple reason: the nature of man has not changed. Nor has the nature of organizations. Nor is either likely to[12].

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[11] Reston, James, Jr., *Galileo: A Life* HarperCollins, 1994

[12] The idea of a shift from the "garage inventors of the past to the modern corporation or government sponsored research as a source of important inventions is a common error. Didn't the Wright Brothers invent the airplane in an era when the government didn't fund research: Didn't the Manhattan project demonstrate the inventions are now made by big organizations?

The answer is "No!" Samuel Langley received $50,000 from the U.S. Congress to develop an airplane. He failed. As the *New York Times* said on December 10, 1903, just seven days before Kitty Hawk:

> We hope that Professor Langley will not put his substantial greatness as a scientist in further peril by continuing to waste his time and the money involved in further air experiments. Life is short, and he is capable of services to humanity incomparably greater than can be expected to result from trying to fly. For students and investigators of the Langley type there are more useful employments with few disappointments and ramifications than have been the portion of aerial navigators since the days of Icarus."

The Atomic Bomb and nuclear reactor were invented by Leo Szilard who filed for a patent in early 1932. Szilard persuaded Einstein to write his famous letter to Roosevelt, launching the Manhattan Project. (See Lanouette, William, *Genius in the Shadows*, Scribners, 1992 and *Who Invented the Atomic Bomb* by Paul Heckel on the IPC website at www.heckel.org/heckel/szilard.htm

Organizations are useful to developing many inventions But inventions are created by the individual minds of creative rebels, not establishment people. The Wright Brothers rejected the establishment wisdom of Langley and pursued their own concept. Szilard's ideas were first rejected by most of the physics community. Though both were right, both suffered severely at the hands of the establishment figures. Many consider Wilbur Wright's early death to be due to the rigors of his patent infringement trials. According to Lanouette:

Should the Federal Circuit Micromanage Validity?

Currently, by not giving the PTO deference under the Administrative Procedure Act, the Federal Circuit micromanages patent validity determinations. Yet patent cases comprise only about 1/3 of the Federal Circuit's caseload. Rarely is a judge expert in the technology involved in a case, and most judges come to the bench, even to the Federal Circuit, without expertise in patent law. Yet the courts routinely override PTO determinations of patentability or affirm, without a serious review, cases appealed from the district courts.

Validity decisions are made in three places:

1. In the PTO during examination and reexamination procedures.

2. In the district courts by juries or judges who typically decide few patent cases and so are not familiar with patent law or experienced in a variety of similar cases to provide perspective.

3. By the Federal Circuit which does not have the time to review in detail each of the cases appealed to it and has moderate perspective on a variety of similar patents in a technology.

Table 1 has the decision-making attributes for these entities.

	Federal	District	PTO

Szilard's feisty rationality clashed repeatedly with the headstrong efficiency of this West Point Graduate [General Groves, head of the Manhattan project]...Before the war was over, Groves would try to have Szilard jailed as an "enemy alien," ordering agents to follow him and to open his mail, and force him off the Manhattan Project payroll during a year long dispute over the chain reaction patent. (Interestingly, Chief Judge Mayer of the Federal Circuit is a West Point graduate.)
The history of these two inventors illustrates that the nature of invention requires creative rebels.

	Federal Circuit	District Courts	PTO
Patent Law Expertise	High	Little	High
Technical Expertise	Some	Little	High
Specialization	Some	Geographic	By technology
Consistency means	Deference to Supreme Court	Deference to Federal Circuit	Management mechanisms ensure consistency across technologies.
Quality Review	No	No	Yes
% patent cases	About 35%	About 2%	100%
Years from invention	Typically a decade	Typically a decade	Typically 2 or 3 years.
Perspective	One of several areas	Little, as patent cases are rare	Many similar cases. Day in and day out work..
FUD Factor	Medium	High	Low

Table 1: Comparison of Decision-Making Entities

The Federal Circuit has an important role in creating a consistency across technologies and in reviewing the district courts for compliance. However, reexamining validity decisions under the "clear error" standard and not seriously deferring to the PTO on validity, makes the system dysfunctional. Because of the courts' caseloads, it increases the cost and time involved in reaching a final decision. Most important it leads to cursory review of many cases.

1. The PTO has much greater expertise than the courts in technical matters. This is important as obviousness is a matter of both fact and law. It is the PTO's stock in trade.

2. The PTO has expertise and substantial experience in patent law. Dealing with the legal issues involving patents under the guidelines of clear precedents is the PTO's day-to-day work. .

3. The PTO, unlike the courts, does quality review. It has senior examiners reexamine about 4% of patents after a notice of allowance and the patent is issued. Administratively, qualify review is a parallel structure to the normal examining groups.

4. The PTO has a hierarchical structure in the different technologies. Its standard management procedures enforce a consistent standard of validity across its many technical disciplines. In issuing over 100,000 patents a year, its experience far exceeds the courts.

5. The PTO is much more experienced in determining patent validity than the courts. Only about 35% of the Federal Circuit's cases are patent cases. Only about 2% of the district courts' cases are patent case.

5. The PTO makes its decision when it examines patent applications, usually close in time to the invention when its value is not yet known, while the courts do it later when the facts are distant, the patent's value is known, and substantial sums are involved. Which environment is more prone to bias and manipulation?

These factors strongly suggest that the Federal Circuit's proper role should be an oversight one consistent with *Chevron* deference. It should not micromanage each case. Such a role would free the Federal Circuit from having to review each validity appeal on the Federal Circuit's reasoning rather than the lower

court's. This would free time for more thorough reviews[13] of district court decisions that do not involve a prior determination by the PTO.

Where There is New Evidence of Patent Validity

Without *Chevron* deference, an infringer will always be able to find a scintilla of evidence that was not considered by the PTO from which to argue invalidity in court. If an accused infringer wishes to challenge a patent's validity, we believe he should address the issue to the PTO through the existing reexamination process. The courts should stay any patent litigation pending a PTO decision.

The Effects of PTO Deference Under the APA

We believe that review of patent validity according to APA standards and *Chevron* deference will result in faster, less expensive, and more predictable decisions as major issues would be disposed of prior to litigation. This would make it less likely that the courts would find a way to dispose of a case without giving it serious consideration. Moreover, increased predictability will mean that more cases will settle. While our view is a practical one based on inventors who have been involved in patent litigation, our point of view finds favor in academia. In *Deference, Defiance and the Useful Arts*, Professor Craig Allen Nard (56 Ohio State Law Journal 1415 (1997) argues that the courts should give the PTO deference under *Chevron U.S.A. v Natural Res. Def Council*, 467 U.S. 83 (1993) [14]

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[13] Many of the inventors in the IPC study felt the Federal Circuit rubber stamped their district court decisions. This is not true in all cases. For example, the Federal Circuit appears to have given considerable thought to the *FONAR v. GE* case, but by this time Dr. Damadian was recognized by the establishment.

[14] Dr. Nard concludes his analysis with:

> ... I have asserted that the Federal Circuit's standards of review and its "traditional tools of statutory construction" result in a less than optimal balance of interpretive power between itself and the PTO.

IPC Study Shows Cost of Not Using the APA Standard

IPC brings objective evidence to this issue. It conducted a study of 14 cases where independent inventors sued big companies to enforce their patents. The independent inventor prevailed in only one case. In 4 of these cases the patents were declared invalid based on the same prior art that was before the PTO. In 2 more cases the patents were ruled invalid on the basis of dubious prior art. In only 2 of the 8 (25%) cases were the patents ruled valid. This contrasts the Federal Circuit overall appears to uphold the validity of 75% of the patents. In one of the 2 cases where the inventor won on validity, the judge overruled a jury verdict of $2,400,000 and reduced damages to $400,000. This forced the inventor into bankruptcy and he suffered such a life crisis that he is currently in prison in California where he is a Catholic chaplain. We count this case a loss.

That the independent inventor rarely prevails means that the procedures of the system create a strong bias against an extremely innovative part of society—independent.[15]

The Inventor Prevailed in Only One of 14 Cases.

In most, if not all, cases, people knowledgeable about patent law were involved in making the decision to finance and proceed with litigation. Yet, the inventor prevailed in only 1 of the 14 cases. The chance of winning only one case out of 14 (assuming a 50% chance of winning a case) is about 0.09%, or 1 chance in

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The *Chevron* decision dictates that the Federal Circuit dispense with its de novo review and apply the Chevron two-step to questions of patent validity, especially those involving a non-obviousness determination. Furthermore, *Overton Park, State Farm* and §706(2)(A) of the APA strongly suggest that the court stop treating the PTO as if it were an Article III court, and apply the "arbitrary and capricious" test when reviewing the fact findings of the PTO.

[15] Preparing this brief stimulated in the author's memory the haunting voices of despair of several inventor victims he has talked to over the years.

1100. We did not include cases where settlement was reached as the issue is what the *courts* do--that is what affects settlement terms.

The results of our study are compelling evidence that there is a substantial systemic bias against independent inventors. We believe that several factors contribute to the bias against those who are not part of the establishment—those who are outsiders, and creative rebels. The nature of independent inventors is to challenge conventional wisdom and established institutions. They think outside the box. This explains why creative rebels come up with a disproportionate number of important inventions and why they are victims waiting to happen.

While independent inventors are not part of the establishment, big company infringers and judges are. There is a natural tendency to defer to others in the establishments and be dismissive to outsiders, but also the law favors those who are part of the status quo. In the patent litigation discussed here, both the judge and the big company were part of the establishment; the independent inventor was an outsider. Many inventors who have been in litigation believe that their judges begin cases with a bias against them. At minimum, there is a perception of bias.

Bad case selection or poor lawyering can explain individual cases, but it cannot explain away the overall result. This highly statistically significant result of losing 13 of 14 cases (1 chance in 1100) means that the legal system is so strongly biased against independent inventors as to be useless for them. Indeed, it is worse than useless as it promises protection the inventors rely on which proves evanescent .

	Bullock	Damadian	Dargon	Evans	Goldwasser	Hazani	Kahn	Lemelson	Lockwood	Marino	Pardo Landau	Rogel	Theis	Wolstenholme	Total
IPC		*			*			*	*		*		*	*	7
IP Reserve			*						*	*					3
PatentEnforcement	*			*		*	*					*		*	6
Total Cases	*	*	*	*	*	*	*	*	*	*	*	*	*	*	14
Prior Art (*= Same, a=additonal)	*		a			a			*				*	*	
Ruled Invalid (lc,ac)	*		*			*	*		*				*	*	7
Determinative to result	*	*	*			*	*		*				*	*	8
Peripheral Issue				*	*						*	*			4
Won		*													1
Lost	*		*	*	*	*	*	*	*	*	*	*	*	*	13
Assumed chance of winning each case														50%	
Chance inventors would have won only 1 of 14 times														0.09%	

Table 2: The 14 Cases in the IPC Study

Inventors Lost 6 Cases Where Validity Was an Issue

In 6 of the 14 cases, the patentability decision of the PTO was overruled. In 4 of them the patent was found invalid on the basis of the same prior art that was before the PTO when it granted the patent.[16] This is most troubling. 35 U.S.C. § 272 states that patents have a "presumption of validity." Yet, the presumably high "clear and convincing" standard to overcome the presump-

[16] In the other cases the inventor lost for a variety of reasons. Several indicate a judicial bias against independent inventors as a class. Marino had the District Court judge tell him in front of a witness that he did not approve of the inventors seeking investors on infringement lawsuits. Dargan lost in a trial where the judge instructed the jury that it was more important to overturn a bad patent than to affirm a good one. This statement gives a perception of a double standard for those who are part of the establishment and those who are not.

tion[17] was found without any new prior art. Where the courts second guess the PTO decisions on patentability, the validity of patents is uncertain and unpredictable. The PTO becomes nothing more than a registration agency. Unsophisticated inventors and the public are deceived as to the validity of issued patents. Litigation is susceptible to manipulation by the litigants. Enforcing a patent in the courts is costly, time-consuming, and risky. This makes it harder to raise funds for a business built on patented inventions, or to raise money for litigation against infringers. It makes patents worthless. This discourages the introduction and growth of new technologies.

Why Do Inventors Lose So Often?

We believe that the factors creating bias are cases that are difficult, complex or involves technology and law the court has little experience with, or when the court is overwhelmed with a busy schedule and desirous of getting cases off its docket. All these factors are common in patent cases. In this environment the judge's natural tendency is to make a safe pro-establishment decision against the creative rebel. It might be based on suspicion of a litigant's not being part of the establishment or because such a decision will more likely to be upheld on appeal.

We believe that bias by judges in the IPC cases is an unconscious one that occurs in situations where the judge doesn't fully comprehend the issues. In sales and marketing this is called FUD. It stands for Fear, Uncertainty, and Doubt and describes

[17] A particularly troubling example of the Federal Circuit invalidating a patent is the Collins patent. The estate of the inventor Arthur Collins sued ATT&T (*Collins Licensing, L.P., v. AT&T 11 R. 3d 1072(table)* (Fed. Cir. 1993) on a patent that had been through a reexamination by the PTO twice and won a district court jury decision upholding the validity of the patent. Not only did the Federal Circuit invalidate the patent, it did it on a ground that was technically inaccurate. This decision, like many of the decisions where inventors lose was unpublished, thus making it easy for the court to bury them from the jurisprudence.

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the state of mind of a prospect who is about to make an important buying decision. Where FUD exists, the decision maker is likely to:

- Postpone decisions (several of the case study decisions took a long time to come down);
- Make a decision based on some peripheral issue that avoided the necessity of having to address the decision directly. (Four of the IPC cases were so ruled.[18])
- Make the "safe" pro-establishment decision which can't be criticized. (For years purchasers selected IBM computers: if things went wrong, they couldn't be criticized.)

Usually, sales and marketing tries to reduce FUD. But, where a company doesn't have a competitive product it will often preannounce one just to create FUD, preventing the competition from making sales. Many such products never come to market.

We believe judicial decision makers are not that different from people making important purchase decisions.

Unlike the courts that are often uncomfortable deciding patent issues, the PTO is quite comfortable. It is their stock in trade. The PTO, being more comfortable in making patentability decisions have less FUD and will be less subject to non-objective influences and so will be less biased. This view of decision making is supported by the cognitive science literature[19].

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[18] Evans lost due to an on sale bar, Goldwasser lost because IBM claimed patent ownership, Pardo/Landau lost on inequitable conduct, Rogel lost on laches.

[19] Sulloway says:
When evidence in support of new theories is meager, people make decisions about this information on gut instinct. Birth order is typically a good predictor of such decisions, but it cease to be predictive when evidence finally points, in a decisive fashion, towards one theory or the other. (Sulloway, page 339)
In *How the Mind Work* (Norton,1997, page 338-9), Steven Pinker has a section "Kidding Ourselves" which discusses the research on our brain deceive itself even to the extent of providing false explanations about our motives.

Developing and maintaining a legal system that minimizes factually erroneous decisions is not simple. However, where the spotlight of objective evidence shows systemic error, one can often address the problem and improve the system.

We believe that eliminating the bias does not lie in adding tighter and more elaborate review procedures. (although an external quality review process might have some value) This only makes litigation more costly and time-consuming. Rather, we believe that limited changes to existing procedures and standards will likely solve the problem..

The Outsider Principle

Bedau and Radelet found that the falsely convicted persons are usually outsiders such as racial minorities, out-of-towners, immigrants or people with unconventional lifestyles. Evans lost due to an on-sale bar, Goldwasser lost because IBM claimed patent ownership, Pardo/Landau lost on inequitable conduct, Rogel lost on laches. Forty two percent of the falsely convicted were African Americans. This is over 4 times the proportion of African Americans in the general population. The outsider principle seems to explain unjust decisions.

That outsiders have suffered bias in the courts is demonstrated by the courts' past biases against woman, Indians, Japanese Americans and other racial minorities. Are there not other, as yet undiscovered, groups that the courts are biased against? It would be arrogant to say "No".

Independent inventors are outsiders and rebels by their very nature. They don't work for large companies, and often are not in the affected industry. When they are in the industry they are small players and thus not part of the big guys club. Except for their patent rights, they have minimal assets. As such, they are natural targets for predatory companies and for opposition lawyers to demonize. Being an outsider means the inventor is often dismissed by big companies, their lawyers, and judges. With the exception of Dr. Damadian, all the inventors were outsiders. All but one were entrepreneurs who started new companies to market their inventions.

Dr. Damadian's Case Supports the Outsider Principle.

Dr. Damadian invented Magnetic Resonance Imaging, one of the major medical inventions of this century. This was the only case of the 14 that the inventor won. Dr. Damadian won $128 million in a patent infringement lawsuit against G.E.[20] This case would seem to suggest that independent inventors—outsiders—can win.

Not so. This was Dr. Damadian's second patent infringement lawsuit. In 1987 he won a substantial jury verdict only to have it overturned on a JNOV that was sustained by the Federal Circuit.[21]

After losing the lawsuit, Dr. Damadian was awarded the National Medal of Technology (1988) by President Reagan and inducted into the National Inventors Hall of Fame (1989). This gave him status with the establishment. He was no longer an outsider. When Dr. Damadian then sued General Electric on the same patents and similar issues, he won: the Federal Circuit, in effect, overruled its earlier decision.

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[20] *FONAR Corp. v. General Electric*

[21] *FONAR Corp v. Johnson & Johnson 821 F. 2d 627 (Fed. Cir. 1987*

This is consistent with the theory that the typical victim of injustice is an outsider.[22] Dr. Damadian provides an example of two cases whose major difference is that whether the inventor was an insider or an outsider.

If we exclude non-outsiders from the study (Dr. Damadian was the only one), the independent inventors lost 13 out of the 13 cases. The probability of this occurring by chance is about 1/100 of 1%.

There are few inventors who meet the standard of getting major establishment recognition achieved by Dr. Damadian. If the way to win a patent case is the receive the National Medal of Technology, isn't that setting the bar too high? How many people can make an invention as important as Dr. Damadian's?

As the independent inventor is often one of Sulloway's creative rebels, he is in a catch 22. He must either become part of the establishment and sacrifice his creative abilities, or remain a rebel and become a potential victim of a miscarriage of justice.

Independent Inventors and Corporations

Judge Howard Markey, the first Chief Judge of the Federal Circuit said:

> Many giant corporations have no need of a patent system. They may obtain patents, but only as a defense against some little machine shop operator who might

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[22] Another example of the Outsider Principle is suggested by results of cases involving patent insurance. IPRC which contributed three cases to the IPC study has a sister company, IPSC, that markets insurance to fund patent infringement lawsuits should future patent infringement occur.(See Assuring a Full and Fair Trial with Intellectual Property Insurance by Robin Fletcher, J. D., IP Litigator, November/December 1998) While Mr. Fletcher lost all the IPRC cases, he won all 6 IPSC cases that went to trial. He settled other cases on favorable terms. The reason appears to be that courts see insurance as an establishment institution and so are not biased against the inventors with insurance.

otherwise invent and patent something the public would demand, and the big corporation would have to negotiate for, instead of adding the item to its product line. Many large corporations should be glad to compete on size, nationwide service, high volume, strong finance and prompt delivery. They can kill off smaller competitors on any of these bases, unless the small competitor has a patent on a product somebody wants to buy.[23]

Being an outsider means that the inventor is, in effect, challenging some vested interest. The telephone challenged the telegraph; personal computers challenged mainframe computers; the automobile challenged mass transit systems, the pocket calculator challenged the slide rule. Such inventors need the patent system to protect their rights. Both Machiavelli[24] and Lincoln[25] attested to the fact that new ideas challenge establishment interests

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[23] Howard Markey, *Some Patent Problems—Philosophical, Philological and Procedural,* 80 F.R.D. 204, p 210.

[24] From *The Prince:*

There is nothing more difficult to carry out, nor more doubtful of success, nor more dangerous to handle, than to initiate a new order of things. For the reformer has enemies in all those who profit by the old order, and only lukewarm defenders in those would profit by the new order; this lukewarmness arising partly from fear of their adversaries, *who have laws in their favor*; and partly from the incredulity of mankind who do not truly believe in anything new until they have had actual experience of it. (emphasis added)

[25] Abraham Lincoln, the only U.S. President to hold a patent, pointed out the importance of introducing new ideas away from insider interests. In his *Lecture on Discoveries and Inventions* he said:

In anciently inhabited countries, the dust of ages—a real downright old-fogyism—seems to settle upon, and smother the intellects and energies of man. It is in this view that I have mentioned the discovery of America as an event greatly favoring and facilitating the useful discoveries and inventions.(Lincoln, *Selected Speeches and Writings,* Vintage 1992, page 205)

Independent Inventors and Wealth Creation

The Importance of Technological Innovation

Invention is important. Without the invention of writing, mankind would probably still lead a tribal existence. Congress thinks it is important. It budgeted $74 million for in 1997.[26] But (government and corporate) organizations only fund invention approved by committees which are conservative by nature; i.e. they only fund what the conventional wisdom says to fund. This makes it difficult for Sulloway's rebels to get funded.

The only protection that independent inventors, Sulloway's rebels, have is the court system. And, as the IPC study shows, they don't have that.

The Founding Fathers felt invention was so important that they wrote into the Constitution that inventors rights to their inventions should be "secured."[27]. Congress passed the patent laws to secure these rights. We suggest that this also means that the courts ensure that patent rights are meaningfully secured, as are real property rights.[28] Are not property rights and the rule of law, along with democracy, that which makes our system of government work? Yet, our study shows the court appears to be unable to secure these rights for independent inventors. Is there "equal justice under law"?

Two Founding Fathers were substantial inventors: Jefferson[29] and Franklin[30]. They were rebels. Both challenged British

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[26] Volume 1, Budget of the U.S. Government FY 1999, page 99.

[27] U.S. Constitution, Article 1, Section 8.

[28] One example of systemic bias against independent inventors is Theis. Theis, an independent inventor, filed a writ of certiorari with this Court and we filed an amicus brief on his behalf. Certiorari was denied. But, when the PTO, a fellow establishment organization, filed on the same issue in this case a few months later, certiorari was granted.

[29] Jefferson's many inventions include a cryptographic code that was used by the U. S. Navy as late as World War II.

authority. And they were the leaders in making one of the great inventions of all time: the Constitution and its foundational document, the Declaration of Independence.[31] And as people experienced with invention, they ensured that the Constitution directly provided for granting to inventors for a limited time the exclusive rights to their inventions.

The Economics of Invention

Early theories of economics held that most wealth was created by land or by labor. Now we know it is not. Robert Solow received the Nobel Prize because he showed that most wealth is created by innovation, especially technical innovation.

Most of this Court's civil cases involve wealth *allocation*. Patent cases, however, involve wealth *creation*. Patents are the major administrative mechanism of wealth creation. And since inventors form small companies, they are a major source of new companies and new jobs.

Independent inventors are a Major Source of Inventions

The evidence that the independent inventor is the major source of important inventions is overwhelming. In their book *Sources of Inventions (*Norton, 1969,), Jewkes Miller and Stillerman reviewed the literature on inventors and analyzed the

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[30] Franklin invented bifocals, the Franklin stove and the lightening rod. Franklin experienced the inventors difficulties:

> Jealousy and envy deny the merit or the novelty of your invention; but vanity, when the novelty and merit are established, claims it for its own. .... One would not therefore, of all faculties or qualities of the mind, wish for a friend or a child that he should have that of invention. For his attempts to benefit mankind in that way, however well imagined, if they do not succeed, expose him, though very unjustly, to general ridicule and contempt; and if they do succeed, to envy, robbery, and abuse. (March 18, 1755)

[31] See *Science and the Founding Fathers* by I. Bernard Cohen, Norton, 1995.

source of 60 inventions[32]. They quote several authorities on the importance of the individual inventor. In conclusion, the authors report:

1. The sources of invention are diverse and many and all should be encouraged.[33]

2. Individuals and independent inventors are a very important source of important inventions, probably the most important.[34]

3. Independent invention is resisted by corporations. "Genius breaks the rules and thereby confronts the institutions with challenges which may at first sight appear to constitute a danger to their very existence"[35].

MacArthur Award recipient Robert Scott Root-Bernstein extols the value of "maverick" and expresses the concern that "as long as the decisions concerning funding [are] bureaucratized there is no hope for the maverick. He will be selected out."[36]

An open letter from Nobel Laureates opposing proposed legislation that would weaken the patent system was recently organized by Nobel Laureates Franco Modigliani and Robert Solow. Signed by 10 Nobel Laureates in economists, 9 in chemistry, and 6 in physics[37], it said the proposed legislation

> Will prove damaging to American small inventors and thereby discourage the flow of new inventions that have contributed so much to the America's superior performance in the advancement of Science and Technology.

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[32] pages 79-81
[33] Pages 184-6
[34] page 182.
[35] Page 183
[36] *Discovering: Inventing and Solving Problems on the Frontiers of Scientific Knowledge (*Harvard University Press, 1989, page 376)
[37] See the IPC website for the letter and the name of signers.

At IPC we did a study in 1996 of the inventors inducted in to the National Inventors Hall of Fame. Of the inductees, 55% were independent and actually founded companies based on their inventions.[38]

The report *Technological Innovation: Its Environment and Management*,[39] says

> Independent inventors (including inventor entrepreneurs) and small technology based companies are responsible for a remarkable percentage of the important inventions and innovations of this century– a much larger percentage than their relative investment in thes activities would suggest.

Inventors face several problems when dealing with big company infringers.

- Many companies refuse to respect patents:
- To enforce their patents, inventors face unending series of motions and delays, false evidence, false charges of inequitable conduct[40], and heavy costs.
- The economics of patent infringement litigation encourage infringement. A well financed infringer by not respecting a competitor's patents can (a) gain market share early when it is cheapest to acquire and (b) put financial pressure on the inventor and his company often to the extent of driving him out of business.

[38] For a list of the inventors by type see the IPC website.
[39] U.S. Department of Commerce, January 1967,
[40] Inequitable Conduct is a matter of equity and so the inventor can lose the property rights in his patents and have his reputation besmirched without a jury trial even though the eighth Amendment ensures a trial by jury to take someone's property. This brief's author was in the court for what he believes was a miscarriage of justice, the inequitable conduct trial of Remy Pardo and Rene Landau (Refac v. Lotus). Other inventors such as Theis and Dargon had their reputations attacked in court. Even Dr. Damadian has been demonized as not being the inventor of MRI.

ness. At best, the infringer wins his case years later and pays nothing. At worst, the infringer has slowed down the inventor substantially. This happened to Dr. Damadian. His company , FONAR, the first company to bring MRI scanners to the market was left with 2% market share by the time his lawsuit was finally decided. As Dr. Damadian explained in congressional testimony:

> I wanted fervently, in the development of the MRI to use my invention to build a great new multi-billion dollar manufacturing enterprise for America in the same way that Edison and Bell did. I have found that even though I have now labored diligently for more than a quarter of a century, the tools for doing what Edison , Bell, Eastman and others did no longer exist. [B]y willful patent infringements our innovations were stripped from us as fast as we could create them. Moreover, I believe you will not find my experience unique. Indeed, I believe you will find it universal.[41]

Patents effect the balance of trade, and with it American jobs, by not securing patent rights. Dr. Damadian testified in Congress that his invention of MRI was copied by Siemens, Toshiba, Hitachi, Phillips and other foreign firms. Products that infringed his patents accounted for more than the $320 million balance of trade deficit in the Diagnostic Imagine Category in 1994. Had Dr. Damadian's patent rights been respected, the U.S. would have had a net positive balance of trade in that category.

By providing a financial incentive to infringe patents, the courts encourage expensive and time-consuming litigation, discouraging invention, and decreasing respect for the courts.[42]

[41] Before the Senate Intelligence Committee and Senate Judiciary Committee February 28, 1996.
[42] Recently the Los Angeles Superior Court, the Los Angeles Bar Association, and the School of Policy , Planning and Development of the University of Southern California issued a report on *The Los Angeles Superior Court*

The Court is undoubtedly dealing with what appears to be more weighty matters of more immediate important. But one must invest in the future. Winston Churchill in a radio broadcast in the middle of World War II, said "there is no finer investment for any community than putting milk into babies."

Patents and the First Amendment

The Constitution provides mechanisms that defuse revolutionary change and promote evolutionary change.

One mechanism is freedom of the press. It is not there so the government and big companies can say what they want. They have the power to do that. It is there so as to protect, and encourage, those who challenge these institutions. It is from these challenges that new ideas can take root. The First Amendment is there to protect and encourage Sulloway's creative rebels.

Similarly, the patent system is designed to encourage technical progress and new enterprises by encouraging inventors to develop their inventions and add to the gene pool of technology. Without it, the inventor can rarely challenge vested interests.

Established institutions resist change, especially change they can't control. That is why there is a natural tendency for establishment forces to resist a free press and new inventions. Both encourage unwelcome change. The courts have recognized the importance of encouraging challengers who use the press. Shouldn't it similarly support challengers who use the patent system?

As the IPC study shows the patent system is failing. And it is failing for the most productive inventors.

Improvement Initiative. It showed that while 89% of the judges had a positive or very positive attitude towards the court, the standards of others were much lower: Attorneys, Law Enforcement and Former jurors scored 47%, 25% and 1%. respectively (see page 8).

Conclusion

Norbert Weiner, the inventor of cybernetics spoke for inventors. In his book *Invention, the Care and Feeding of Ideas* (The MIT Press, 1993), he said:

> I am quite willing to admit that one main object of the law is not theoretical justice, but a determination of rights such as the right of ownership, which would preclude later bickering and which will give a decision that is unequivocal and irrevocable, whether or not it can be based on abstract principles of justice. However, when a law is based on a theory of what has actually happened, which does not fit the facts, it is hard or even impossible to adjudicate disputes in an impartial way. The pressure of power, riches, and the ability to use these for the employment of the best legal talent is almost certain to dominate the final decision.[43]

Inventors don't expect perfect justice, we realize it is not possible. What we need are decisions that are predictable, expeditious, and available at reasonable cost. What we need are decisions that are made by those who understand what is happening. When it comes to evaluating patentability, this is not the courts' expertise; it is the patent office's.

The courts are ruling against independent inventors at an alarmingly high rate, invalidating patents where all of the material prior art was before the PTO. The IPC study clearly demonstrates that the courts are biased against independent inventors. This does injustice to the independent inventors. It vitiates the most important source of innovation and wealth creation in the United States. It leads to disrespect of the courts.

The *Zurko* case presents an excellent opportunity for this Court to increase the integrity and uniformity of the patent sys-

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[43] The MIT Press, 1993, page 133.

tem and so encourage invention as the Founders and Congress intended. It also provides a means to improve a system that results in many miscarriages of justice. It will improve the certainty and predictability of decisions. The courts should defer to the PTO in all decisions of patentability under the APA—both in prosecution and in *litigation.*

Appendix A: The IPC Board of Directors

Paul Heckel, the Founder and President of IPC, is a software developer who patented his software and enforced patents on his inventions. He wrote T*he Elements of Friendly Software (*Sybex, Second Edition, 1991) and *Debunking the Software Patent Myths (*The Communications of the ACM, June 1992).

Dr. Raymond Damadian, the inventor of Magnetic Resonance Imaging, founded FONAR and with it the MRI industry. He also received the National Medal of Technology from President Reagan for his invention.

Dr. Wilson Greatbatch is the inventor of the cardiac pacemaker and the founder of Greatbatch Industries.

Dr. Robert Rines, invented the high definition radar and sonar. A patent lawyer, he founded the Franklin Pierce Law Center.

Stanley Mason made many inventions including microwavable cookware, the granola bar, the shaped disposable paper diaper and the squeezable ketchup bottle.

Appendix B: Case Selection for the IPC Study.

All of the IPC cases are ones where an independent inventor sued a large company to enforce his patent. All the cases were decided by a district court trial and all but one were appealed to the Federal Circuit which rendered a decision. All were personally known to and followed by IPC , PEF or IPRC. In many cases several of the inventor's patents were at issue.

There are three groups of cases

Paul Heckel of IPC followed 6 of the cases. He had formed a personal relationship with each of the inventors before their case was decided by the Federal Circuit and usually before the District court trial.

Patent Enforcement Fund financed by 6 cases. It lost all 6 cases. Dr David Hill, the President of PEF is a physicist and businessman who worked with Enrico Fermi to generate the first controlled chain reaction.

Intellectual Property Reserve Corp (PRC). Robert Fletcher, President of IPRDC is a patent lawyer experienced in selecting and managing patent infringement litigation. Of the 5 cases IPRC has financed, 3 have reached a conclusion. The inventors lost all three. Mr. Fletcher is president of a sister company, Intellectual Property Insurance Services that sells patent insurance.

Cases were included in the IPC study based on events that occurred before litigation results were known. These are not hindsight selections. They were not selected to prove a point. Mr. Heckel had communicated with each of the inventors in the IPC group, Mr. Fletcher, and Dr. Hill in 1994. The results of their lawsuits are shown in Table 2.

Appendix C: The 14 Cases in the IPC Study

The cases below were compiled by Paul Heckel who talked with each inventor. As he recognizes that losers in litigation may be biased in their answer, he collected information where bias was minimal. The information collected was one of two types:

1. Factual information that can be easily verified--usually by the record;
2. Perceptions of the inventors.

Unless otherwise stated, the inventor is an entrepreneur who appealed a district court loss to the Federal Circuit which ruled against them.

Bullock: *Bullock v. Owens-Corning Fiberglass Corp 129 F. 3d 134 (table) (Fed. Cir.*) Thomas Bullock's son invented an improved method of fiberglass insulation for attics. The Bullocks sued Owens-Corning. At the end of a patent infringement trial, Owens Corning introduced a mistranslation of a Japanese patent that invalidated the Bullock patent. Bullock's lawyer did not address the issue at trial or in a FEDERAL CIRCUIT appeal. Bullock has been advised he has a malpractice case against his lawyer who, it turns out, has no malpractice coverage.

Damadian: *Fonar Corp. v. General Electric Co. 107 F. 3d 1543 (Fed. Cir. 1997*) Dr. Raymond Damadian invented Magnetic Resonance scanning (imaging), one of the most important medical inventions of the century. His company FONAR marketed the first MRI scanner. Several large companies had entered the market against him. He sued Johnson and Johnson for patent infringement, won in a jury trial, but was overturned on a JNOV sustained by the Federal Circuit. Ten years later, having been awarded the National Medal of Technology by President Reagan and being inducted in the National Inventors Hall of Fame, Dr. Damadian sued GE and was awarded $128 million for

the patent asserted against Johnson and Johnson and another FORAR patent.

Dargan: *IBM/ROLM v Dargan 2-532 USDC for DEL* John Dargon invented a system for telephone touch tone interaction with computers. His patent was invalidated by a jury after a battle of experts. No new material information was introduced in court.

Evans: *(Evans Cooling System, Inc. v. General Motors 125 F/ 3d 1448 (Fed. Cir. 1997))* Jack Evens was a contractor to General Motors. He invented a reverse flow cooling system that he showed to General Motors under non-disclosure agreement. G. M. infringed the patent and used it in a product it marketed. Jack Evans did not find out about it for more than a year. When he found out and sued General Motors, GM successfully argued the fact that GM had been selling the infringing product for more than a year. This invalidated the patent because of an on sale bar.

Goldwasser: (*Goldwasser v. Smith Corona Corp. [and IBM] 25 F. 3d 137 (table0 (Fed. Dir.)* Goldwasser sued Smith Corona for Patent Infringement. Goldwasser worked for IBM. Smith Corona went to IBM and claimed that they owned the patent and they had a right to it under a cross license agreement. The IBM employment agreement while somewhat ambiguous appeared to be favorable to Goldwasser who had pursued the invention in his spare time off company property. IBM entered the case and the court ruled that IBM owned the patent rights even though Goldwasser's wife, a non- IBM employee, was a co-inventor on the patent.

Hazani: (*Hazani v. U.S. int. Trade Comm (and Mitsubishi, NEC, OKI, Samsung) 126 F 3d. 1473 (Fed. Cir. 1997))* Emanuel Hazani filed an action with the international Trade Commission against Mitsubishi, NEC and others to prevent the importing of EEPROMS which infringed his patents. The ITC

ruled his patents invalid on the same prior art that was before the PTO.

Kahn: (*Kahn v. GM; 35USPQ1608*) Leonard Kahn invented an improved AM stereo system. He sued General Motors for infringement. The court ruled the patent was not infringed by using a new interpretation of the doctrine of equivalents.

Lemelson: (*Lemelson v. General Mills, Inc. 968 F. 2d 1202 (Fed. Cir. 1992*) Jerome Lemelson was an extremely prolific inventor with over 500 patents. Early on he started companies as an entrepreneur, but later he confined his energies to inventing and licensing his patents. He has been accused of not being a real inventor, and misusing the patent system. The brief's author talked with several people familiar with his patents, and believes that he did not act unethically. At worst, he acted like the lawyers representing big companies accused of infringement.

In *Lemelson v. Mattel,* he won a $72,000,000 dollar verdict at a jury trial. The Federal Circuit overruled him in new law involving file wrapper estopel in a ruling that a former patent commissioner called "crazy" and a lecturer in patent law said "the only explanation of the decision is that the court just didn't like Mr. Lemelson."

Lockwood *Lockwood v. American Airlines Inc. 107 3d. 1565 (Fed Cir. 1992)* Lawrence B. Lockwood developed a multimedia sales system for the insurance and travel industries and began marketing it in the insurance industry. American Airlines may have seen a copy of Lockwood's invention. Lockwood sued them for patent infringement. The judge ruled one patent invalid in view of an earlier Lockwood patent, although that issue was before the PTO twice. The second patent was invalidated by the judge because of a hiatus of disclosure, an issue that the PTO had considered before issuing the patent. The judge in a summary decision ruled the second patent invalid.

After the invalidity ruling, the question of whether Lockwood had a right to a jury trial on another patent arose. The district

court said no, the Federal Circuit said yes. American Airlines appealed and the Supreme Court granted certiorari. Lockwood then withdrew his objection so as to get the case tried expeditiously. The judge then ruled the second patent invalid on a summary motion. In another summary motion, the judge created new law on infringement by saying that infringement could be determined by the identity of the user. There was no jury trial. All decisions were made by the judge on summary motions.

Marino: *Marino v. Marchon (Fed. Cir 94-1406-1407)* Dennis Marino invented a new water slide for amusement parks. He was infringed by Marchon. He sued. In a jury trial he won $2,400,000. The judge overruled and reduced the judgement to $400,000. The judge said in front of a witness that he didn't like people suing big companies to get a settlement.

Pardo/Landau: *Refac v. Lotus Development Corp. 81 F. 3dd 1576 (table)(Fed. Cir. 1997)* Pardo and Landau made one of the more significant inventions of this century – the computer spreadsheet. They started a company, Forward Reference Systems, and marketed that program on timesharing systems. They received a notice of allowance from the Patent Office, but before the patent issued, the Supreme Court handed down *Gottschalk v. Benson* which many believed said computer software was not patentable; the Patent office withdrew the notice of allowance. Pardo and Landau appealed, pro se, to the CCPA, the predecessor to the Federal Circuit. The CCPA ruled in their favor in an important precedent, *in re Pardo* that said something does not cease to be subject matter because the point of novelty is in an algorithm.

When they litigated their patent against Lotus, the inventors were accused of inequitable conduct by having affiants file affidavits. These affidavits failed to mention a prior association between the inventors and the affiants. Their U.S. Patent attorney (the inventors are Canadians) testified at trial that he instructed the inventors to find affiants who had no relationship

with the inventors, yet when he prepared the affidavits he did not check for such an affiliation as he "relied" on the inventors having gotten appropriate affiants. The inventors said they had not been told to get affiants with no relationship. Moreover, according to the testimony of one of the inventors, he and his U. S. Patent lawyer had an interview at the Patent Office to discuss a rejection. According to the inventor, he "saw the light in the examiner's eyes". He felt all he had to do was to write up what was discussed for the PTO. However, the U. S. lawyer insisted on sending in affidavits. (The affidavits were probably not necessary.)

The judge in a bench trial chose to believe the lawyer rather than the inventors and found inequitable conduct against them and thus held their patents invalid. At the time, their U.S. lawyer testified he was a defendant in a malpractice action, about which the inventors and their lawyers were unaware. This brief writer who was in court for the trial and considers it is an egregious miscarriage of justice.

Rogel: Edward Rogel invented point of sale input systems for computers. Although he died in 1974, his case was pursued by Dr. David Hill, his business partner. He sued National Cash Register in their home city of Dayton, Ohio where the court dismissed the case because of laches. As Dr. Hill is pursuing a malpractice suit filed against his lawyers who had advised him that laches would not be a problem if he waited to sue while raising money.

Theis: *Theis Research v. Octel and Northern Telecom* Peter Theis notified Ameritech that they infringed his patent. Octel, a supplier to Ameritech unknown to Theis, filed a D. J. against Theis in Northern California. Theis and Ameritech, were both in Northern Illinois. Theis litigated his computer system voice entry patents against Octel and Northern Telecom . This litigation involved Ameritech, AT&T, Bell Atlantic, Pacific Telesis and others. The judge allowed the D. J., and held the trial in North-

ern California. At the trial, Octel produced a videotape of a doctored demonstration and an expert witness for the infringers who appeared less than accurate.

Theis' attorneys kept him out of the court for most of the trial and off counsel's table (they told him as a testifying witness he could not be in court); they failed to present several relevant facts and made other errors at trial.

The judge appears to have made many errors. He knew Octel would appeal, and probably thought Theis would not. When the clerk found costs against Theis of $92,0000, the judge increased costs awarded to $385,000[44]. The judge also granting ex parte motion to register judgment in every district court in the country prior to appeal ; This was stayed by Federal Circuit,

The litigation involved 6 our of 15 Theis patents.

Wolstenholme *Wolstenholme v. Countrymark Corp Inc. 119 F.3d 17 (table) (Fed. Cir. 1997)* Paul Wolstenholme invented a self-erecting grain elevator. He sued Countrymark for patent infringement. It was declared invalid because of obviousness. While some new information was presented at trial, it was not new as the court looked at the same art as was before the PTO.

[44] Most of the extra costs were due to the preparation of the videotape that misrepresented the infringing product.